



## Written Testimony of AARP

### Before the Senate Committee on Energy and Technology

#### Regarding SB 636

October 22, 2013

AARP, which represents nearly 1.4 million members in Michigan, appreciates the opportunity to comment on SB 636 which would substantially amend Section 313 of the Michigan Telecommunications Act. AARP is concerned with preserving universal service, a longstanding public policy that promotes the availability of basic service for all customers, at reasonable rates. Although “cord-cutting” is on the rise, approximately 90% of households over 65 continue to subscribe to landline service. **Their Landline is their lifeline-Don’t Cut the Cord.**

It is first important to note that Section 313 was revised barely two years ago, in June 2011. In its current form, beginning January 1, 2017, Section 313 permits a provider of basic local exchange service (or long distance service) to discontinue service to customers in any exchange after providing notice, so long as there are two other providers of a “comparable” basic voice service. The definition of a “comparable” voice service is extremely permissive – it encompasses any service that permits two-way voice calling, using any technology. Notably, in its current form, Section 313 does not require or ensure that either of the two surviving providers:

- Be subject even to minimal oversight by the Public Service Commission with regard to their quality of service or rates; or
- Offer a “basic” voice service that is unbundled from other services (that increase consumers’ costs and that consumers may not consider essential).

In fact, just because Michigan law characterizes service provided over wireless or Voice over Internet Protocol as a “comparable” service to the basic local service provided by the incumbent local exchange carrier, this does not ensure that the PSC is on firm ground in enforcing comparable obligations. For example,

- Federal law has pre-empted states from entry/exit regulation of mobile wireless providers (known as CMRS). Thus, if the providers of the two comparable services were both mobile wireless providers, Michigan would be powerless to prevent them from also discontinuing service to an exchange, even if they were the only two surviving providers.

- In 2011, the MPSC filed comments at the Federal Communications Commission that relied on the current version of Section 313 to argue that since wireless providers are deemed to provide a “comparable” service under Michigan law, they should necessarily be subject to rules concerning “cramming” – the inclusion of unauthorized charges on a consumer’s bill. Whether or not the FCC agrees with this interpretation, if Section 313 were to be amended as proposed under this bill, the notion of a “comparable” voice service would no longer apply.
- Recent efforts by another large incumbent local exchange carrier (Verizon) to substitute an inferior version of basic voice service over a wireless platform – a service known as Voice Link – is another example of how, even under the present law, consumers could lose basic functionalities in their basic telephone service. Voice Link, a fixed wireless service, does not support alarm services, faxes, credit card verification or dedicated Internet access (e.g., digital subscriber line service). Outrage over Voice Link deployment as a substitute for Verizon’s wired basic local service on Fire Island, New York aroused fierce opposition. Responding to consumer concerns, Verizon abandoned its plans to offer Voice Link as the sole option for basic local exchange service, and Verizon now intends also to offer fiber-based local exchange service as soon as it can repair its storm-damaged facilities. Yet, in Michigan, an offering such as Voice Link apparently would fall within the current statute’s parameters for a “comparable” voice service.

Although the current law provides consumers with minimal assurances about the continued availability of affordable, reliable basic voice service, the industry apparently considers even this extremely minimal standard (one it strongly supported in 2011) to be too burdensome – which brings us to SB 636. Under this bill, two major changes would occur: 1) even the current minimal standards for ensuring that consumers have access to a “comparable” voice service would be swept away; and 2) the maximum notice that consumers would receive before losing their existing provider (possibly the only provider) would be reduced to 90 days. AARP has outlined above its concerns with the risks to consumers under the *current* standard for ensuring that consumers in affected exchanges do not lose their access to telecommunications service. The proposed bill would eliminate even this minimal protection.

In considering such an extreme measure, the Michigan Legislature needs to ask some very tough questions to the proponents of this bill. With respect to any claims that the existing law is burdensome, the Legislature should inquire specifically as to:

- How many times have providers applied to discontinue basic local service under the existing law (i.e., since June 2011)?
- How long, on average, have providers had to wait to implement the discontinuance?

- How many applications have been denied for reasons other than non-compliance with notification requirements?

AARP submits that, in fact, the current law has been little used or tested. There is no basis to conclude that it is preventing providers from exiting exchanges where there are even minimal competitive alternatives.

In summary, if there is any need to revamp the current Section 313, it is instead to modify the existing legislation to ensure that consumers have actual competitive choices for reliable and affordable telephone service before allowing incumbent local exchange carriers to abandon communities and consumers. Rather than bringing the law in line with this objective, the proposed bill takes a dangerous step in the other direction. I have given you a lot of technical reasons as to why AARP opposes this legislation but it comes down to this legislation isolates seniors in rural communities and could be a threat to their health and well-being. AARP urges the Legislature to reject SB 636. Don't cut the cord!

Thank you for the opportunity to contribute to this important discussion about Michigan's telecommunications laws.

Respectfully submitted,



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